

Message

From: McIntosh, Tracy [McIntosh.Tracy@epa.gov]
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To: McIntosh, Tracy [McIntosh.Tracy@epa.gov]
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[AP News: Judge signs plan, resolves Puerto Rico bankruptcy battle; January 19, 2022, by Danica Coto](#)

Puerto Rico's nearly five-year bankruptcy battle is ending after a federal judge on Tuesday signed a plan that slashes the U.S. territory's public debt load as part of a restructuring and allows the government to start repaying creditors.

[Brooklyn Paper: EPA RELEASES SAMPLING RESULTS FROM CONEY ISLAND CREEK, FINDS PRESENCE OF CONTAMINATION; January 18, 2022, by Jessica Park](#)

The federal Environmental Protection Agency has finished testing the water and soil at the notoriously contaminated Coney Island Creek — and they found further proof of a serious contamination from samplings take in mid-2021.

[E&E News: Biden environmental justice advisers air frustrations; January 18, 2022, by Kelsey Brugger](#)

An administration official recently sent President Biden's environmental justice advisers a list of ground rules — something that caused dismay at a time when frustrations abound over the White House's progress on the issue.

[La Perla del Sur: Setback for AES: EPA warns that its remedy does not decontaminate the aquifer; January 17, 2022, by Omar Alfonso](#)

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[The New York Times: Judge Approves Deal to Resolve Puerto Rico Bankruptcy; January 18, 2022, by Patricia Mazzei, Frances Robles, and Coral Murphy](#)

Puerto Rico received approval from a federal judge on Tuesday to leave bankruptcy under the largest public-sector debt restructuring deal in the history of the United States, nearly five years after the financially strapped territory [declared it could not repay its creditors](#).

The Wall Street Journal: Puerto Rico Released From Bankruptcy as Economic Problems Persist; January 18, 2022, by Andrew Scurria and Soma Biswas

Puerto Rico received court approval to leave bankruptcy through the largest restructuring of U.S. municipal debt ever, ending years of conflict with creditors as the U.S. territory confronts other stubborn economic problems.

Vox.com: The most consistently botched part of the US pandemic response; January 14, 2022, by Dylan Scott

Communication is an essential part of any public health response. But US health agencies have struggled with it since the very beginning of the pandemic, when government officials initially advised against wearing masks in early 2020 before reversing themselves to recommend nearly universal masking.

NATIONAL

***See attached email**

AP News.com

<https://apnews.com/article/business-caribbean-puerto-rico-bcc3dd61544e8b0a401bbd6567c04da6>

Judge signs plan, resolves Puerto Rico bankruptcy battle

January 19, 2022

Danica Coto

Puerto Rico's nearly five-year bankruptcy battle is ending after a federal judge on Tuesday signed a plan that slashes the U.S. territory's public debt load as part of a restructuring and allows the government to start repaying creditors.

Puerto Rico's nearly five-year bankruptcy battle is ending after a federal judge on Tuesday signed a plan that slashes the U.S. territory's public debt load as part of a restructuring and allows the government to start repaying creditors.

The plan marks the largest municipal debt restructuring in U.S. history and was approved following grueling bargaining efforts, heated hearings and multiple delays as the island struggles to recover from deadly hurricanes, earthquakes and a pandemic that deepened its economic crisis.

"There has never been a public restructuring like this anywhere in America or in the world," said David Skeel, chairman of a federal control board appointed to oversee Puerto Rico's finances that has worked with the judge on the plan.

He noted that no bankruptcy mechanisms exist for countries or U.S. states like the one Puerto Rico was granted.

"This was an astonishingly complex and large and important bankruptcy," Skeel said, noting that the island had three times as much debt as Detroit.

Puerto Rico's government declared in 2015 that it could not afford to pay its more than \$70 billion public debt load it had accumulated through decades of mismanagement, corruption and excessive borrowing. It also had more than \$50 billion in public pension liabilities. In 2017, it filed for the largest municipal bankruptcy in U.S. history, a year after U.S. congress created the financial oversight and management board for Puerto Rico.

The plan that restructures the central government's debt goes into effect March 15 and could be appealed, although Skeel expected the judge to affirm it.

The board said that the plan signed by federal judge Laura Taylor Swain cuts Puerto Rico's public debt by 80% and saves the island more than \$50 billion in debt service payments as some creditors agreed to deep cuts. Board members noted the plan reduces claims against the government from \$33 billion to just over \$7.4 billion, with 7 cents of every taxpayer dollar going to debt service, compared with the previous 25 cents.

"This period of financial crisis is coming to an end," said Natalie Jaresko, the board's executive director. "We have accomplished what many thought impossible."

The plan also avoids proposed pension cuts that had led to heated debates and created a rift between the board and Puerto Rico's legislature and the island's governor, which vehemently opposed them.

The plan notes that Puerto Rico has sufficient resources to pay the debt through 2034, but critics have said the government does not have the finances required to meet debt service payments and warned of more austerity measures.

Jaresko brushed away those concerns, saying that while budgets were cut, there were no layoffs or agencies shut down.

"It wasn't austerity," she said. "People look at the last five years and think it's going to continue like that forever, but it doesn't."

Still pending is the debt restructuring of some government agencies, including that of the Puerto Rico Highways and Transportation Authority and the Puerto Rico Electric Power Authority, which holds the largest debt.

"This one is very important for the economy of Puerto Rico because if it means a rise in energy costs, it makes us less competitive," said José Caraballo, a Puerto Rico economist and professor.

He added that the island likely would be able to access the market in three to five years to issue bonds for capital projects but warned it should avoid repeating past mistakes.

"Borrowing is playing with fire," he said. "You need to have people who know what they're doing. Otherwise, one can return to this disaster we call a debt crisis."

Gov. Pedro Pierluisi said that while the plan approved Tuesday is not perfect, it represents a big step for the island's economic recovery.

"We still have a lot of work ahead of us," he said.

José Luis Dalmau, president of Puerto Rico's senate and a member of the main opposition party, also praised the plan and called it a transcendental step for the island's economic recovery.

"From this moment on, a new page of fiscal responsibility, good governance and unity begins, which will lead to a more prosperous economy, a climate of job creation and greater fiscal stability," he said.

Jaresko noted the plan has guardrails to prevent a repeat of the island's debt crisis, including allowing long-term borrowing only for capital improvement projects. The board, known as "la junta" in Puerto Rico and reviled by many, expects to be around for at least three more years, or until Puerto Rico has four consecutive balanced budgets, Skeel said.

"We will not stay a day longer than our mandate," Jaresko said. "It is our goal to finish what we were instructed to do by Congress."

Brooklyn Paper

<https://www.brooklynpaper.com/epa-releases-sampling-results-coney-creek/>

EPA RELEASES SAMPLING RESULTS FROM CONEY ISLAND CREEK, FINDS PRESENCE OF CONTAMINATION

January 18, 2022

Jessica Park

The federal Environmental Protection Agency has finished testing the water and soil at the notoriously contaminated Coney Island Creek — and they found further proof of a serious contamination from samplings take in mid-2021.

The Site Inspection Report, released on Jan. 13, is the next phase in determining whether the creek should be designated a Superfund cleanup site based on the likelihood of it releasing hazardous substances into the environment, following the Preliminary Assessment which was completed in September 2020.

Despite the report documenting the presence of contaminants in Coney Island Creek — where a new ferry terminal is being constructed at the western edge of Kaiser Park — a representative of the EPA said it was too soon to recommend the site to the Superfund National Priorities List, and further investigation and consultation is needed.

Weston Solutions collected 50 sediment samples from 21 locations within the creek and eight surface water samples from seven locations throughout April 2021 for the site inspection report, which showed the presence of contaminants in the creek's sediment — primarily polycyclic aromatic hydrocarbons, or PAHs, a chemical that occurs naturally in coal, crude oil and gasoline.

Surface water samples also detected the presence of cyanide in the creek, of which the origin is unknown. The highly toxic chemical is not present in clean sediment that was used to replace contaminated soil up to three feet deep as part of the former Brooklyn Borough Gas Works cleanup in 2002, but was found in a sample location of sediment not associated with the cleanup that was downstream from where the chemical was detected in the surface water.

The samples taken from Coney Island Creek were also found to contain other toxins such as volatile organic compounds, chemicals that have a high vapor pressure at room temperature; semi-volatile organic compounds, a sub-group of volatile organic compounds that usually have a higher molecular weight and higher boiling point temperature; as well as pesticides.

The results of the widespread sampling of the creek, which are further detailed in the [report](#), will inform what further actions are needed, a press representative for the federal agency wrote in an email to Brooklyn Paper. This site would be eligible for Superfund status only if it is graded as a [high enough hazard](#) though the EPA's Hazard Ranking System.

Though the creek is widely known to be contaminated, it is used for a variety of recreational activities including fishing for consumption and boating, and though it is not permitted, the creek is often used for religious ceremonies such as baptisms and for swimming.

The waterway, which defines the Coney Island peninsula, neighbors NYCHA's Gravesend Houses where tenant advocates have proclaimed already-existing diseases have been harsher since the construction of the contested Coney Island Ferry, as its associated dredging is stirring up the contaminated sediment.

The city Economic Development Corporation, which is spearheading the expansion of the NYC Ferry system, [recently announced a yearlong delay](#) of the Coney site launch which was slated for completion at the end of 2021 and now isn't planned to open until late-2022.

The city's quasi-governmental agency shared they would need to conduct further dredging to make the channel deep enough for their ferries to pass through, and added that work cannot begin until after the expiration of an annual moratorium that runs from January through the end of June to protect winter flounder and horseshoe crabs.

News of the delay in ferry service came as a relief to Assemblymember Mathylde Frontus, who has been a staunch opponent of the ferry's placement on the bayside of the peninsula, as she said it will give the community more time to advocate for the ferry terminal's relocation to the oceanside of Coney Island.

"Coney Island wants a ferry, Coney Island deserves a ferry, we've said all along it's a matter of doing it the right way, we don't want it at any cost, we don't want it at the expense of our health," she previously told Brooklyn Paper. "What this extra year does, it gives us a little breathing room to continue to conduct our advocacy."

E&E News

<https://www.eenews.net/articles/biden-environmental-justice-advisers-air-frustrations/>

Biden environmental justice advisers air frustrations

January 18, 2022

Kelsey Brugger

An administration official recently sent President Biden's environmental justice advisers a list of ground rules — something that caused dismay at a time when frustrations abound over the White House's progress on the issue.

Among the rules: Do not advocate on behalf of your organization or community, refrain from asking anything that could be construed as a conflict of interest, and do not share what happened in the meeting with anyone.

"You were appointed to the [White House Environmental Justice Advisory Council] to represent a particular viewpoint not your organization or a specific community you work with or for," wrote Karen Martin, an EPA staffer who is the designated federal officer for the council.

"Remember we are working to create recommendations that will benefit communities across the country," she wrote.

The White House said the email merely reiterated standard guidelines in the Federal Advisory Committee Act. Still, some advisers were taken aback, especially because of mounting concerns about the administration's commitment to fast action on environmental justice.

"It was very triggering to me," said LaTricea Adams, a council member and founder of the group Black Millennials 4 Flint. "Being such an on-the-ground person who has spent an exorbitant amount of time with communities to provide a liaison to this administration, when I accepted the invitation to the appointment, I thought that would be my role."

Martin's email, obtained by E&E News, came after a November council meeting in which domestic climate adviser Gina McCarthy told council members she would look into local matters, according to two people in the meeting.

Adams found the tone of the email off-putting and is considering leaving the council. "We are doing this for free — we are doing this for the greater world of America," she said. "Everyone is kind of frustrated."

The exchange illustrates larger tensions brewing between the outside experts and the White House over Justice40, the Biden plan to funnel federal dollars to minority and low-income communities long afflicted by environmental racism.

Adding to the concerns, two top White House aides announced their departure, including Cecilia Martinez as senior director for environmental justice at the Council on Environmental Quality and David Kieve, who had been a liaison with green groups ([Greenwire](#), Jan. 10).

‘Where the rub is’

Broadly, the outside advisers have expressed disappointment that progress has been slow on a number of fronts. For one, the White House for months has been saying a critical tool to distribute the money — the Climate and Economic Justice Screening Tool — is nearly ready for public consumption, but the release has repeatedly been delayed ([Greenwire](#), Nov. 2, 2021).

The advisers got a preview of the screening tool, which is being created by the U.S. Digital Service, but they were not entirely encouraged by what they saw. For starters, the tool fails to include race indicators.

“Will this skew results away from, for example, African Americans?” 10 prominent environmental justice activists wrote in a letter to the White House.

They stressed that race is the “most potent and consistent predictor of where pollution and other environmental burdens are concentrated.”

Administration aides say they want the tool to be legally bulletproof, pointing to an Agriculture Department case last year where white farmers sued the government after the agency launched a program that sought to reverse decades of well-documented racism toward Black farmers.

But activists are pushing back on what they see as the Biden administration’s timidity. The letter to CEQ, which is led by Brenda Mallory, who is Black, said the United States’ long history “cannot be ignored.”

“CEQ needs to be bold, creative, and innovative in its thinking and approach that can pass the ‘legal test’ and the ‘reality test’ of what’s really happening to people and communities on the ground,” the activists wrote.

One approach could be for the administration to use data on geographic racial segregation and historical housing discrimination, said the advocates.

Robert Bullard, an adviser and Texas Southern University professor, said the omission of race leaves out the most important layer for what is happening on the ground.

“There are all kinds of terms that have been used to be a proxy for race — whether it is disadvantaged, underserved, vulnerable, marginalized,” he said.

“When you peel the onion and get to the core, all these terms generally will point to race and systemic inequality that is driven by racism,” said Bullard. “That’s where the rub is. There are forces that run against calling what is really happening. If it walks like a duck, if it quacks like a duck, it’s a duck. Don’t call it something else.”

The tool fails to include other environmental indicators such as proximity to hazardous waste facilities, the activists wrote. And there is no accounting for cumulative impacts. They also noted the need for indicators showing problems in rural and tribal areas.

‘Need to get assurances’

In recent weeks, the White House has characterized Justice40 as a huge undertaking akin to steering a giant ship. Administration officials say the process is ongoing and emphasize relentless work happening at agencies every day.

Last month, agencies submitted Justice40 plans detailing how new and existing federal programs could maximize “benefits” to disadvantaged communities. The Energy Department, for instance, launched a \$16 million local action program to provide technical assistance to low-income communities.

But the administration’s use of the word “benefits” — rather than actual investment dollars — has created confusion among activists.

“It wasn’t initially made clear what ‘benefits’ are,” said Kyle Whyte, an advisory board member and professor of Native American studies and philosophy at the University of Michigan. “Benefits are currently undefined, making Justice40 an unspecified target until further definition can be given.”

The White House says it is reviewing the agency plans and is facing a February deadline to provide a status update. But time is running short: Funds from the infrastructure law are already going out the door.

“We need to get assurances that the administration has promised,” said Elizabeth Yeampierre, co-chair of the Climate Justice Alliance in New York. “We continued to have concerns about the lack of transparency. Our communities have to be more than poster children to an agenda. They need to be literally at the table.”

La Perla del Sur

<https://www.periodicolaperla.com/reves-para-aes-epa-advierte-que-su-remedio-no-descontamina-el-acuifero3/>

Setback for AES: EPA warns that its remedy does not decontaminate the aquifer

January 17, 2022

Omar Alfonso

First, the federal Environmental Protection Agency and the former Environmental Quality Board allowed the multinational AES to accumulate almost half a million tons of coal ash at its industrial headquarters in Guayama, thus creating a colossal mountain that in 2019 covered seven cords of land and reached the same height as a 12-story tower.

Both agencies also allowed that since 2012 the toxic load of these ashes penetrated the soil and poisoned the groundwater in the area with dangerous concentrations of lithium, selenium, molybdenum and arsenic, chemicals that together can cause genetic damage and even be lethal to living organisms.

Last Tuesday, however, the Environmental Protection Agency broke with years of inaction, consent and impunity to point its finger at AES Puerto Rico and warn it that the plan chosen by the coal company to remediate pollution – Natural Attenuation – does not eliminate toxic substances that the ashes transferred to the Guayama soil and aquifer. Therefore, it does not meet the expectations of the federal agency.

After objecting for years that its residues from burning coal released harmful concentrations of heavy metals and other harmful chemicals, on January 14, 2019 AES Puerto Rico was forced to admit otherwise and on June 1, 2020 the company determined that it would employ the method of Monitored Natural Attenuation so that nature itself would take over the cleanup of the toxics.

useless plan

“These mechanisms do not comply with the established requirement of eliminating as much of the contaminated material as possible from the environment, and it is possible that they do not comply with the established requirement of protecting human health and the environment,” he said on January 11. Director of the Division of Lands, Chemicals and Redevelopment for EPA Region 2, Ariel Iglesias.

“In other words, the constituents released in AES are atoms, and atoms do not degrade or decompose through any natural process unless they are radioactive,” added the official in a meticulous written statement to the president of AES Puerto Rico, Jesús Bolinaga Serfaty.

In it, Iglesias also disputes that the remedy chosen by the company is the one indicated to decontaminate the aquifer "regardless of whether it is being used as a source of drinking water supply" and raises questions about the barrier that the coal company builds on its plot of land. Jobos neighborhood to prevent gray waste from continuing to contaminate the soil.

Likewise, it questions why the charcoal kiln will use ashes – which AES calls Agremax – as filler material for that barrier, when Agremax is precisely the verifiable source of damage to the natural resource.

For his argument, Iglesias explains that he evaluated a voluminous report prepared for AES by the Haley Aldrich company, documents provided by the coal company and an expert analysis presented by the Environmental Dialogue Committee, in conjunction with the environmental law organization *Earthjustice* .

Iglesias also pondered the input of telephone calls and electronic communications with AES executives.

Even so, at the close of his letter of compliance to Bolinaga Serfaty, the official reiterates that the Natural Attenuation and corrective measures proposed by the coal company are "insufficient" to meet the agency's requirements and notifies that AES has failed to deliver to the EPA “required detailed information”.

For this reason, it announces that it expects a response from AES “in the near future”.

Iglesias' remarks came two months after congressmen Nydia M. Velázquez, Alexandria Ocasio-Cortez and Rashida Tlaib, Raúl M. Grijalva, Adriano Espaillat, Jerrold Nadler, Jesús "Chuy" García and Steve

Cohen demanded in writing that The EPA investigates the places in Puerto Rico that have been filled with coal ashes and requires AES to restore contaminated soil and groundwater “to its original condition”.

Iglesias' statements also emerge almost four years after the first special report by La Perla del Sur and the Center for Investigative Journalism , where the damage to the Jobos aquifer with toxic ash from AES is verified.

Late justice?

“It is unfortunate that the EPA has taken so long to realize that the Monitored Natural Attenuation and other issues proposed by AES, such as the installation of a *liner* (barrier) are not going to work,” the lawyer and member of the Council pointed out in an interview with this weekly. White House Environmental Justice Advisor , Ruth Santiago Quiñones.

“But worse is that AES knows all this. Their experts know this, but it is their attitude, the one we have always seen with AES, an intentional disregard, gross negligence for the resource, for the body of water, for the potential impact on the marine ecosystem and that it may possibly even reach to humans”.

Regarding the letter of compliance and the unusual interest of the EPA in complying with the federal regulation assigned to the charcoal kilns, Santiago Quiñones said that it is "an important step in the right direction."

“For the EPA to say 'Look, what AES is proposing doesn't work, it's not the solution. There has to be a real cleaning, it has to be guaranteed that any future placement of these toxic ashes cannot go through and reach the aquifer again' we interpret it as a good sign”.

“Unfortunately”, he continued, “the hope that this EPA administration will do justice depends on the pressure, the mobilization and the management of the communities. We must keep up the pressure on the EPA to continue acting and addressing these dangers and these threats to life itself,” he added.

For his part, as spokesman for the Camp Against Ashes in Peñuelas, José Manuel Díaz Pérez, stressed that the unforeseen inspection intervention of the EPA "what it does is validate what we have denounced for so long: that the AES has to seek the way to decontaminate these waters.

“But even more so, what this letter does is literally slap the Department of Natural and Environmental Resources, which, as we know, had approved the mitigation plan through the creation of this landfill, which, for us, is tremendous nonsense. ”.

"The AES's days are numbered," he said, "and this has been a total reversal of what they expected would continue to be the towel *thrower* under the Trump administration and the current Pierluisi government."

Since January 5, 2016, *La Perla del Sur* has requested interviews with executives from AES Puerto Rico. First, for the series of reports *Time bomb, coal ashes* , published in partnership with the Center for Investigative Journalism and twenty media outlets in the country and abroad.

Then, due to the filing of bills to prohibit the use and disposal of coal ash in Puerto Rico. None of the requests have been granted.

The last request, made personally to Bolinaga Serfaty on the grounds of the Puerto Rico Capitol, was accepted on October 10, 2019, but it did not materialize either.

The New York Times

<https://www.nytimes.com/2022/01/18/us/puerto-rico-bankruptcy.html>

Judge Approves Deal to Resolve Puerto Rico Bankruptcy

January 18, 2022

Patricia Mazzei, Frances Robles, and Coral Murphy

Puerto Rico received approval from a federal judge on Tuesday to leave bankruptcy under the largest public-sector debt restructuring deal in the history of the United States, nearly five years after the financially strapped territory declared it could not repay its creditors.

Since Puerto Rico entered bankruptcy, its economic crisis has only been further deepened by Hurricanes Irma and Maria, a series of earthquakes and the coronavirus pandemic.

The restructuring plan will reduce the largest portion of the Puerto Rico government's debt — some \$33 billion — by about 80 percent, to \$7.4 billion. The deal will also save the government more than \$50 billion in debt payments.

And, though at a discount, Puerto Rico will start repaying creditors, something it has not done in years. The government said in 2015 that it could no longer pay its loans.

"Today is truly a momentous day, and it is a new day for Puerto Rico," Natalie A. Jaresko, the executive director of the oversight board that has overseen Puerto Rico's finances since 2016, said a virtual news conference on Tuesday afternoon. "This period of financial crisis is coming to an end."

The unelected board, which was created by Congress, is far from well loved in Puerto Rico, where many of the island's more than three million people refer to it as "la junta." Critics worry that Puerto Rico will not have enough money in its general fund to make even the reduced debt payments over the long run, eventually forcing more painful economic cuts.

When the territory entered bankruptcy in May 2017, it had more than \$70 billion in bond debt and more than \$50 billion in unfunded pension obligations to public workers. The bankruptcies of other public entities, including the Puerto Rico Electric Power Authority, remain unresolved.

"The agreement, while not perfect, is very good for Puerto Rico and protects our pensioners, university and municipalities that serve our people," Gov. Pedro R. Pierluisi said in a statement. "We still have a lot of work ahead of us."

The scale of Puerto Rico's bankruptcy was unlike anything seen before in the United States. The territory had more than \$120 billion in debt and pension obligations, far exceeding the \$18 billion bankruptcy filed by Detroit in 2013.

Judge Laura Taylor Swain of the Federal District Court for the Southern District of New York, who presided over the Puerto Rico bankruptcy case, noted in her findings on Tuesday that some creditors objected to the

restructuring plan. But she also wrote that the plan would “enable the commonwealth to provide future public services and remain a viable public entity.”

Judge Swain held lengthy hearings over the plan in November, including some in San Juan, the Puerto Rico capital. Protesters gathered outside the federal courthouse when the hearings began.

On Tuesday, Julio López Varona, an activist and interim campaign manager for the Center for Popular Democracy, a left-leaning advocacy organization, attacked the deal as terrible for average Puerto Ricans. “We’re talking more budget cuts, more compromising our services and potentially rate hikes like the ones we’ve seen for the last 10 years,” he said, referring to Puerto Rico’s very high electricity rates. “We know it’s an unsustainable deal. Many, many economists have said Puerto Rico is not cutting enough debt. It’s a recipe for disaster.”

José Caraballo-Cueto, an economist and associate professor at the University of Puerto Rico, says that when a federal law giving foreign companies a tax incentive to operate on the island stops at the end of the year, it will result in less money for the government’s general fund.

“What’s happening to the general fund will translate to more austerity measures to essential services or higher taxes to make the payments,” he said.

The oversight board pushed back hard against those arguments on Tuesday, forcefully defending the restructuring plan, which says the government has enough to make debt payments through 2034. David A. Skeel Jr., the board’s chairman, said that the plan was long and complicated and that many of its critics have most likely not read it.

“This is absolutely sustainable,” he said. “It’s not going to lead to more cuts. I really think there’s a lot of misimpression out there.”

An earlier deal had been struck in early 2020, but it had to be reworked after the coronavirus pandemic wreaked havoc on Puerto Rico’s frail economy, which in recent years has relied heavily on federal tax breaks and disaster relief funds. Hurricane Maria hit just days after Hurricane Irma in 2017, devastating the island.

Activists and elected officials did notch a big victory in the debt restructuring negotiations late last year when the oversight board backed away from plans to cut pensions for retired teachers and other government workers. That proposal was dismissed out of hand by Puerto Rico politicians. Many Puerto Ricans feared that such cuts would exacerbate poverty among older people.

Johnny Rodríguez Ortiz, who spent 31 years working for the power company, now spends every Wednesday morning protesting outside the company’s headquarters. He fears that the company’s bankruptcy proceedings may cost him his pension.

“The only path they left us is poverty or to struggle in the streets,” said Mr. Rodríguez, 73, of the town of Sabana Grande, in southwestern Puerto Rico.

Critics have also demanded an audit of how the large debt was incurred and demanded that those responsible face prosecution or other accountability.

But for all of the controversy the restructuring plan has stirred on the island, it has also charted a way forward — albeit not necessarily an easy one — after years of debt limbo.

“The restructuring plan will give Puerto Ricans a level of certainty of how much the island will have to pay annually and allow us to create effective economic policy,” said Heriberto Martínez Otero, the executive director of the Ways and Means Committee of the Puerto Rico House of Representatives.

The plan, he added, also “starts the countdown” to the exit of the oversight board. Frustration about the board’s power was so intense that when angry Puerto Ricans took to the streets to oust Gov. Ricardo A. Rosselló in 2019, they often chanted, “¡Ricky, renuncia, y llévate a la junta!” — Ricky, resign, and take the board with you. (Mr. Rosselló resigned. The board remained.)

To do away with the board, Puerto Rico must balance budgets for four consecutive years and meet other requirements, such as obtain access to the credit market at reasonable rates.

“So at the very least, the board will be around for at least three more years,” Mr. Skeel said. “It may be a bit longer than that.”

The Wall Street Journal

<https://www.wsj.com/amp/articles/puerto-rico-released-from-bankruptcy-as-economic-problems-persist-11642537090>

Puerto Rico Released From Bankruptcy as Economic Problems Persist

January 18, 2022

Andrew Scurria and Soma Biswas

Puerto Rico received court approval to leave bankruptcy through the largest restructuring of U.S. municipal debt ever, ending years of conflict with creditors as the U.S. territory confronts other stubborn economic problems.

Tuesday’s court ruling approved a write-down of \$30.5 billion in public debts built up during an economic decline marked by high joblessness, outward migration and unsustainable borrowing that tipped Puerto Rico into bankruptcy in 2017. The restructuring plan calms tension between Puerto Rico and its Wall Street creditors dating to its debt default, the largest ever on bonds backed by the full faith and credit of a U.S. municipality.

In approving the bankruptcy plan, Judge Laura Taylor Swain overruled objections to the financial restructuring and said it enjoys “broad but not universal support” among affected creditors and will preserve Puerto Rico as a “viable public entity.”

The restructuring marks a win for the oversight board steering Puerto Rico’s finances, an unelected body that shares power with elected officials and has faced opposition from many of the island’s three million

residents, who have referred to it as the “junta.” Judge Swain’s ruling doesn’t remove the board, which under federal law can only disband after four consecutive years of balanced budgets.

But slashing debt does free up cash for spending that would otherwise go to bondholders. Puerto Rico’s debt-servicing costs will fall to roughly \$666 million for the next 10 years, from \$2.1 billion before its default. Creditors will receive \$7.4 billion in new debt and \$7 billion in cash, as well as tradable securities known as contingent value instruments that pay out if the economy improves.

Big investors including BlackRock Financial Management Inc. and Silver Point Capital LP backed the negotiated plan, which has pushed the value of some core government bonds to four times what they were worth after Hurricane Maria hit Puerto Rico in 2017. The benchmark general obligation bond has rallied to more than 90 cents on the dollar, compared with lows in 2017 of 21 cents on the dollar.

Puerto Rico joins Detroit; Jefferson County, Ala.; Orange County, Calif.; and the California cities of Stockton, San Bernardino and Vallejo as municipal borrowers that have shed debts through a court-supervised bankruptcy. The end of the bankruptcy case will slow the professional fees for lawyers, bankers and consultants who advised Puerto Rico on its restructuring and have racked up roughly \$1 billion in bills so far, at taxpayers’ expense.

The territory entered bankruptcy with \$74 billion in bond debt and a \$55 billion gap between the pension benefits promised to employees and retirees and the funding set aside to pay for them. Public agencies were racked with cronyism and failed for years to draw up accurate budgets or account for expenses, according to a 2018 investigation commissioned by the board.

Sprawling bureaucracy and a high cost of doing business discouraged investment, especially after the expiration of some corporate tax breaks in 2006 pushed some pharmaceutical and other manufacturers to depart. To make up for a shrinking tax base, officials borrowed to paper over deficits and skimmed on pension contributions, losing Puerto Rico its investment-grade credit rating in 2014.

Many residents of Puerto Rico, political leaders, and some investors have called for an independent audit of how the huge debt was built up and the prosecution of individuals who might have misspent public funds, according to Judge Swain’s decision.

She said her ruling “does not foreclose further investigation, whether through regulatory, law enforcement, or civil litigation channels, into the origins of Puerto Rico’s debt crisis.”

Despite the board’s sweeping powers over fiscal matters, many of its proposed overhauls of business rules and economic policy in Puerto Rico have languished. Lawmakers resisted the board’s proposed cuts to pension benefits and quashed attempts to relax labor laws and tighten welfare requirements, reflecting popular anxiety that cutbacks to the safety net would push more into poverty.

The board's executive director, Natalie Jaresko, disputed on Tuesday that it had implemented harsh austerity measures, as its critics allege.

"There were no layoffs. There was not a single major agency of any size shut down. There were reductions in budget, but it wasn't austerity," said Ms. Jaresko. She said the plan of adjustment protects pensions and ensures that lawmakers don't go back to making promises that aren't paid for.

"This period of financial crisis is coming to an end," she said. "The uncertainty that every person, every business in Puerto Rico felt is coming to an end."

Many of the fiscal problems that drove Puerto Rico's decline haven't been fixed. Government audits remain years overdue. The economy relies heavily on tax breaks to spur development, issuing \$21.4 billion in incentives to businesses and individuals in 2018, the most recent data available. The labor participation rate in Puerto Rico was 43.4% in November, well below the lowest rate among U.S. states, West Virginia's 55.1%.

Electricity service is dogged by outages, including after the business of delivering power was privatized last year at the board's urging. In November, a local court issued an arrest warrant for the chief executive whose company now runs the power grid after he allegedly failed to turn over information to lawmakers. The warrant was quickly rescinded. Power service remains costly and prone to outages after years of inadequate maintenance.

Jose Villamil, CEO of economic consulting firm Estudios Tecnicos, said there has been "relatively little private-sector investment in Puerto Rico in the past six to seven years," except for real estate. He doesn't expect that to change soon.

Puerto Rico has a big cash balance because the government hasn't been making debt payments during its bankruptcy, but could run up deficits once debt servicing resumes, Mr. Villamil said. The board also predicts that government deficits will reappear by 2035 unless lawmakers adopt labor, business and tax overhauls that so far have failed to gain traction.

As the restructuring plan gained momentum, the board backed off demands to cut pensions for retired teachers, judges and bureaucrats, bowing to Gov. Pedro Pierluisi and legislative leaders whose help it needed to close the debt deal with bondholders.

That concession left accrued retirement benefits fully intact, a potential source of fiscal stress in coming years. The pension funds at issue cover 167,000 retired workers, or 5% of the island's population, making them the largest creditor group in the bankruptcy.

At the same time, teachers' and judges' unions opposed the restructuring plan because it stops current employees from accumulating any more defined pension benefits while switching them to less generous

401(k)-style programs. Judge Swain agreed with the board that without the benefit freeze for active workers, the restructuring plan might not be feasible.

Puerto Rico in its journey through bankruptcy was confronted with catastrophic hurricanes in 2017, street protests that caused a governor's resignation and succession crisis in 2018, coastal earthquakes in 2019 and the arrival of Covid-19 in 2020. Its relationship with Washington, strained for years, deteriorated under former President Donald Trump, who criticized elected leaders on the island and restricted its access to federal disaster aid.

The territory forged a path out of bankruptcy despite the pandemic, buoyed by an influx of federal assistance and a broad rally in municipal bonds that eased investor concerns about the territory's return to capital markets after a long exile. The municipal-bond market has largely shrugged off Puerto Rico's troubles, viewing the default as an isolated incident and not an indicator of broader weakness among state and local governments.

Ignacio Alvarez, CEO of San Juan-based bank operator Popular Inc., said Tuesday that Puerto Rico has bounced back better than expected from the pandemic but still faces an uncertain economic future. The expected influx in federal funds won't last forever, he said.

The board "has tried to drive a fine line between those two extremes, where some people would say we should try to wipe out the debt, and the bondholders saying we should get 100%," he said.

The board hopes the aftermath of the restructuring will include "material new investments that turbocharge the economy" following a historic decline in population, board lawyer Martin Bienenstock said in court in November. By 2026, the island's population is projected to fall to 2.76 million, 10% less than in 2019, Mr. Bienenstock also said in court hearings over the restructuring plan. The population was close to 3.7 million in 2010, according to census data.

The board has worked to put safeguards in place to prevent Puerto Rico from again taking on too much debt, such as only allowing for long-term bond sales for capital investments, rather than for financing deficits, court filings show.

Board chairman David Skeel said Tuesday that critics of the adjustment plan are incorrect in arguing that it leaves Puerto Rico to face an unsustainable debt obligation. Under the plan, Puerto Rico will pay roughly 7.2 cents of every dollar collected in taxes and fees to bondholders, compared with 25 cents before the bankruptcy.

"This is absolutely sustainable," Mr. Skeel said. "It's not going to lead to more cuts."

The most consistently botched part of the US pandemic response

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Dylan Scott

Communication is an essential part of any public health response. But US health agencies have struggled with it since the very beginning of the pandemic, when government officials initially advised against wearing masks in early 2020 before reversing themselves to recommend nearly universal masking.

It appeared the initial guidance may have been issued in order to preserve enough masks for health care workers. Government officials were warning at the time that hospitals' supplies could be depleted at a critical moment if there was a run on masks. It was the first of the pandemic's "noble lies," The Week's Ryan Cooper wrote in a blistering essay on the paternalistic treatment of the US public that has undermined the country's Covid-19 response.

America's public health institutions have failed to communicate effectively with the US public throughout the pandemic for two reasons: either they have been left trying to defend poor policies, or the messaging has taken the place of creating any kind of coherent policy at all.

"I don't think any federal or state agency has done a great job communicating policy during the pandemic," Briana Mezuk, co-director of the Center for Social Epidemiology and Population Health at the University of Michigan School of Public Health, told me. "The CDC should have been setting the example, and I guess in a way it did: a less-than-great example."

In those early days of the pandemic, a more explicit policy decision would have been to ration masks, telling the public that masks could be protective but that high-quality supplies would be reserved for health care workers. Instead, authorities sidestepped the issue and planted the seeds for the backlash.

"We cannot pretend that communication can get us out of policy answers," Michael Mackert, director of the Center for Health Communication at the University of Texas Austin, told me.

The problem of unsound or indecisive policy creating bad messaging has been repeated over and over again throughout the pandemic, which has deepened skepticism about the agency's recommendations and created a fertile environment for disinformation to flourish.

A year after the first masking flip-flop, the CDC stumbled on masks again. In April 2021, the agency urged vaccinated people to continue wearing masks in most indoor settings to reduce transmission before reversing itself and saying that vaccinated people could feel free not to wear masks indoors unless it was required by a local or state government.

Many public health experts believed the decision to relax the masking guidance for vaccinated people was premature and, just a few months later when the delta variant drove up cases, the CDC changed course again and recommended everyone, including vaccinated people, wear masks when indoors in public.

Contrast the whiplash in the US with the approach in Canada, which issued a much more limited change to its masking guidance around the same time and didn't need to quickly revise it. Canadians were urged to keep masking, with the one exception of small indoor gatherings with other vaccinated people. Those recommendations remain more or less the same to this day.

Other crucial pivots in the US response were undermined in the following months. President Joe Biden announced in August that booster shots would soon be available for everyone. But some of the federal government's scientific advisers balked at that idea in public meetings, sowing confusion about whether additional doses were really necessary for everyone.

Public health authorities faced serious obstacles to communicating effectively with the public. The American people are divided, consuming different information from different sources, motivated by different ideologies. Social media allows "alternative" sources of information to flourish. The world had never seen a virus quite like SARS-CoV-2 and scientists were learning more about the virus in real time. It was inevitable some of their early assumptions would be wrong and guidance would have to change.

But some of the confusion that has undermined the American response was avoidable. Prevailing attitudes inside the medical establishment prior to Covid-19 and specific mistakes made during the pandemic itself have contributed to the disconnect between public health authorities and the public they are trying to protect.

"Our institutions are failing us with the lack of coordination, the lack of clarity," Scott Ratzan, editor-in-chief of the *Journal of Health Communication: International Perspectives* and a CUNY lecturer, told me. "This is a case clearly that shows our 21st-century institutions are not prepared."

Why America's public health institutions failed at pandemic messaging

The initial mistake in the messaging around masks — in effect, misleading the American people, seemingly to preserve the supply of masks — set the stage for what would follow: a pattern of public health authorities adopting a patronizing attitude toward the public they are supposed to serve.

Mezuk voiced her frustration with phrases like "follow the science" that were used to justify various policies. Individual people have to account for all kinds of other variables in their daily decisions — making money, educating their kids, caring for loved ones — as they make risk assessments regarding Covid-19, she said.

The government had more to consider than the public health ramifications of the Covid-19 response. There were economic and social consequences to weigh when it came to closing restaurants or mandating remote learning. An acknowledgment of that complexity might have engendered more trust when the pandemic persisted and some of those calculations began to change, rather than pretending the science had been settled.

"Some amount of backtracking, revision, etc., of policies was inevitable. That should have been stated early, often, and repeatedly," Mezuk told me.

Several experts told me public health officials should have better prepared their audience for inevitable policy changes, making it clear from the beginning that scientists were still learning more about the virus and policies would need to adjust.

"Instead, they went with 'we are following the science,' which was interpreted by the public as, 'so if you disagree with our decision, you must not be following the science,'" she said. "That is just a false dichotomy, and people knew that. And so the CDC and other leaders lost a lot of credibility that I think the public would have freely given them had they not latched onto that simplistic narrative."

In some ways, the battle to win hearts and minds during the pandemic was lost before Covid-19 ever arrived. Several experts pointed out that most people are not nearly as fluent in interpreting statistics or assessing risk as public health experts are trained to be, and public health officials have often failed to find simple but effective ways to convey complex ideas to the masses.

The debate over booster shots is perhaps the most important example of how the government can muddle the messaging around its own policies. Biden got out ahead of the government's science advisers when he announced boosters for everybody in the late summer. The government's scientific advisers and many public health commentators ended up being divided on the merits of boosters.

The CDC was left to try to craft recommendations in the middle of this chaotic debate. The agency initially attempted to split the difference, urging all people over 65 and people over 50 with underlying medical conditions to get boosters. It also said people under 50 who either have preexisting conditions or work in high-exposure settings *could* get an additional dose if they chose to.

Who the boosters were actually for (older people? essential workers? everyone?) got confused. By December, even after the CDC had revised that guidance to urge everyone over 18 to receive three doses of the vaccine, one in five vaccinated adults were unclear on what the agency had recommended, according to a Kaiser Family Foundation survey.

The US is now lagging behind the United Kingdom in administering third doses, particularly among the older people who benefit most from a booster. The UK had been more direct in its initial vaccine guidance: Certain people (adults over 50, front-line workers, immunocompromised people) should get the booster, full stop.

In the US, a messy policy process led to poor messaging. Several experts I spoke to contrasted the confusion over vaccines with the simple rubrics used to communicate the risk of an incoming hurricane. People don't need to know the intricacies of meteorology to understand that a Category 5 hurricane is going to be bad. But we have failed to find the same effective shorthand to communicate basic facts about Covid-19.

"I don't know the drop in barometric pressure. We don't need to give people all the technical information that can be misconstrued and turned into misinformation," Ratzan said. "The scientists might think they have to explain all the reasons. But, in the end, we need scientific consensus that is not only data-driven but also reflects a social science base of how people are going to respond."

What it takes to effectively communicate in a public health emergency

There will be a lot of work to do to prevent a repeat of these mistakes in the future. In a December 2021 review published by the National Academy of Medicine, public health researchers advocated for a policy of "radical transparency" that attempts to meet people at all levels of health literacy.

Messages should be simple. The Japanese government's "three Cs" — urging people to avoid closed spaces, crowded places, and close-contact settings — is seen as one of the more effective messages of the pandemic. This Vietnamese hand-washing PSA went viral in the spring of 2020, driven by a catchy song and a dance.

Suzanne Bakken, who has contributed to the National Academy's work on Covid communications, told me that "flatten the curve" had been the most effective message deployed in the United States. It managed to communicate an important public health goal in an intelligible fashion and, for a time, gave people a shared goal to work around.

"That really spoke to people," she said. "It was a pretty simple visualization."

Academics such as Bakken are also thinking about how to empower local health authorities and nongovernmental groups, in which people might place more trust in the current polarized political environment. The National Academy of Medicine review contemplates some kind of national infrastructure that would disseminate information to local actors and allow them to decide how to tailor the message based on their particular community:

Communications should be adapted at the individual and community levels and take into account how centrally developed communications methods can be rooted in patriarchy, colonial oppression, and structural racism. Without this understanding, communications cannot be appropriately adapted to local contexts, and therefore may be rejected by many communities.

This is a lesson that other countries more accustomed to public health emergencies have already learned. In Vox's Pandemic Playbook series, reporter Jen Kirby [traveled to Senegal](#) and spoke with community health workers who were integral to that country's response, as the point of contact and primary communicator in their own villages and towns.

Given how diverse the US is, and how much trust in some of its national institutions has eroded, such a model would offer one way to begin repairing the relationship between the American public and its public health institutions.

"It's not only getting the message right," Ratzan said, "but having the right messenger, with the right dosage."

Very Respectfully,

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